

STATE: MINNESOTA
Effective: July 1, 1999
TN: 99-19
Approved: DEC 14 1999
Supersedes: -

ATTACHMENT 4.19-D
Page 401
Tribally-Owned or Operated NF

**METHODS AND STANDARDS FOR DETERMINING PAYMENT RATES
FOR NURSING FACILITY SERVICES PROVIDED IN NURSING FACILITIES
OWNED OR OPERATED BY A TRIBE OR TRIBAL ORGANIZATION**

PURPOSE AND SCOPE

This plan describes the methods and standards for determining payment rates for nursing facility (NF) services provided in facilities owned or operated by a tribe or tribal organization.

In general, per diem payment rates are determined annually on an interim basis with final settlement occurring after each State fiscal year.

METHODOLOGY

Medicare Principles

Payment rates are determined in accordance with Medicare principles and are established by the Medicare intermediaries, with the adjustment described below.

Total Operating Payment Rate Adjustment

For the rate years beginning July 1, 1999 and July 1, 2000, the Department will make an adjustment to the total operating payment rate for a nursing facility that submits a plan, approved by the Department, in accordance with item B. Total operating costs will be separated into compensation-related costs and all other costs. Compensation-related costs include salaries, payroll taxes, and fringe benefits for all employees except management fees, the administrator, and central office staff.

- A. Effective July 1, 1999, the payment rate is increased by 4.843 percent of compensation related costs and 3.446 percent of all other operating costs. The facility's final 1998 Medicare cost report will be used to calculate the adjustment. The interim rate may be adjusted after receipt of the final notice of program reimbursement from Medicare. Effective July 1, 2000, the payment rate is increased by 3.632 percent of compensation related and 2.585 percent of all other operating costs. The nursing facility's 1999 Medicare cost report will be used to calculate the adjustment. The interim rate may be adjusted after receipt of the final notice of program reimbursement from Medicare.



STATE OF MINNESOTA
DEPARTMENT OF HUMAN SERVICES
444 LAFAYETTE ROAD
ST. PAUL, MINNESOTA 55101

July 14, 1986

*-DPO
cc: B5/RC/RO*
OFFICIAL

Ms. Barbara Gagel, Regional Administrator
Department of Health and Human Services
Health Care Financing Administration
175 West Jackson Boulevard, Suite A-835
Chicago, Illinois 60604

RE: Attachment 4.19D State Plan Revisions

Dear Ms. Gagel:

As per the telephone conversation of Patricia MacTaggart of my staff and Charlie Pearl Adams on July 10, 1986, Minnesota is revising the page numbers of Attachment 4.19D.

As the number of pages in each of the rate sections, SNF/ICF, ICF-MR and Regional Treatment Centers changes with each state plan submission, Minnesota currently has pages in Attachment 4.19D that duplicate in page number. Minnesota has revised the section to reserve pages as follows:

Pages 1-99 Methods and Standards for Determining Payment Rates for Skilled Nursing and Intermediate Care Facilities

Pages 100-199 Methods and Standards for Determining Payment Rates for Intermediate Care Facilities for the Mentally Retarded

Pages 200-299 Methods and Standards for Determining Payment Rates for State Nursing Homes and ICF-MR Wards in Regional Treatment Centers.

Enclosed are three copies of each of the approved state plan pages with the correct page number. The information provided on the pages has not changed, therefore this is not an amendment submission. All future amendment transmittals for Attachment 4.19D will follow the new numbering system.

We trust this revision of page numbers will make correspondence regarding Attachment 4.19D clearer for both our agencies.

Sincerely,

Robert Baird

Robert Baird
Director
Health Care Programs

RECEIVED

JUL 17 1986

HCFA-V-ORA

AN EQUAL OPPORTUNITY EMPLOYER



DHS - 2489
(10-84)

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EXHIBITS

- Exhibit A -** Evaluation of Community Residential Programs for Mentally Retarded Persons, February 11, 1983, Program Evaluation Division, Office of the Legislative Auditor
- Exhibit B -** Rule 52 Task Force Report, Department of Public Welfare
- Exhibit C -** Department's Consideration of the LAC Report and The Rule 52 Task Force Report
- Exhibit D -** Members of Rule 53 Advisory Committee and dates of Committee Meetings
- Exhibit E -** Review of proposed Rule 53 by Arthur Andersen and Company
- Exhibit F -** Listing of Administrative Cost Percentage by Facility and Plot of Bed Size vs. Administrative Cost Percentage
- Exhibit G -** Example of Potential Cash Flow Under Proposed Rule

HCFA-179 # 86 3 Date Rec'd 3-20-86
Supercedes _____ Date Appr. 7-22-86
State Rep. In. V.2. Date Eff. 11-86



STATE OF MINNESOTA
DEPARTMENT OF HUMAN SERVICES
 444 LAFAYETTE ROAD
 ST. PAUL, MINNESOTA 55101

September 12, 1985

Mr. Jon Lunde
 Administrative Law Judge
 Office of Administrative Hearings
 400 Summit Bank Bldg.
 310 South 4th Avenue
 Minneapolis, Minnesota 55415

Dear Mr. Lunde:

The Department submits the enclosed documents as our response to oral and written comments on Parts 9553.0010 to 9553.0080.

The enclosure contains:

1. Excerpted comments from the Hearing Record of ^{August} ~~July~~ 21 - 23, 1985 and the Department's response in Comments 1 to 49.
2. Department's response to written comments received after public hearing, Comments 50 to 57.
3. A copy of the proposed rule showing all proposed amendments.
4. Additional State Exhibits submitted in response to comments, Exhibits AA to EE.

If you have any questions concerning these materials, we are available to respond.

Sincerely,

Maria R. Gomez

Maria R. Gomez, Director
 Long Term Care Management

MRS:dg

Attachments

HCFA-179 # 86-3 Date Rec'd 3-20-86
 Supersedes _____ Date Appr. 7-22-86
 State Rep. In. V.2 Date Eff. 1-1-86

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State: MINNESOTA
Effective: July 1, 1987
TN#: 87-54
Approved:

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Page 301

ICF-Institution for Mental Disease/Chemical Dependency: Reimbursement limits described in Attachment 4.19-D (SNF/ICF) apply to all IMD facilities except for one chemical dependency facility. That facility submits a cost report for the year ending June 30. The rates are established in accordance with the rate setting procedures described below:

The facility's rates are determined based on the current year's cost report. The Department develops a ratio between property costs and total costs for each payment stream (adult and adolescent) and applies that ratio to the payment rates.

The property payment rate amount is subtracted from the total payment rate to arrive at an operating cost payment rate for both payment streams. The operating cost payment rates are adjusted by the nursing home's annualized market basket of economic indices for care related costs as described in Attachment 4.19-D (SNF/ICF), page 19.17.

The operating cost payment rate and the property cost payment rate is added together for a total payment rate that will be in effect for the next rate year.

| | |
|-----------------------------|----------|
| Property Payment Rate | \$ 7.01 |
| TOTAL PAYMENT RATE | 72.32 |
| Property Payment Rate | - 7.01 |
| Operating Cost Payment Rate | \$ 65.31 |
| | x 1.035 |
| "Increased" Operating Rate | 67.60 |
| Property Payment Rate | + 7.01 |
| TOTAL PAYMENT RATE 7/1/87 | \$ 74.61 |

Thus, the payment rate is \$74.61 for adolescents for the period from July 1, 1987 through June 30, 1988.

HCFA-179 # 87-54 Date Rec'd 4/3/89
Supersedes 87-21 Date Appr July 1, 1987
State Rep. In. Y.2. Date July 1, 1987
HCFA-179 # 87-54 Date Rec'd 4/3/89
Supersedes 87-21 Date Appr July 1, 1987
State Rep. In. Y.2. Date July 1, 1987
HCFA-179 # 87-54 Date Rec'd 4/3/89
Supersedes 87-21 Date Appr July 1, 1987
State Rep. In. Y.2. Date July 1, 1987

Effective: October 1, 1986

CONFIDENTIAL

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State MINNESOTA

Special Needs Rate Exception for Very Dependent Persons with Special Needs

The purpose of Special Needs Rate Exemption is to facilitate the movement of very dependent mentally retarded persons from regional treatment centers to community-based intermediate care facilities for mentally retarded persons (ICF/MR) and prevent the admission or readmission of very dependent clients with mental retardation to regional treatment centers from community-based ICF/MR programs.

The special needs rate exception is to provide to a special client services whose costs are not included in the per diem rate of the intermediate care facility for the mentally retarded or the per diem of the training and habilitation service. The special needs rate exception is only to be allowed after all other funding sources or alternatives have been exhausted.

The additional funds made available by this rate exception will be used to provide additional staff for client supervision and training, additional medical or therapeutic services, and additional equipment to enable the community providers to maintain or admit very dependent clients to their residential or day programs.

Regional treatment centers and home and community-based services (authorized and provided under the waiver) are not eligible for a special rate exception.

TN # 86-113

Supersedes

Approval Date

2/20/87

Effective Date

10/1/86

TN # _____

STATE: MINNESOTA
Effective: April 29, 1988
TN:
Approved:
Supercedes:

TABLE OF CONTENTS FOR
SUPPLEMENTS TO
ATTACHMENT 4.19-D (ICF/MR)

SUPPLEMENTS TO METHODS AND STANDARDS FOR DETERMINING
PAYMENT RATES FOR INTERMEDIATE CARE FACILITIES FOR THE MENTALLY RETARDED

- Supplement 1: Minnesota Rules Parts 9553.0010 to 9553.0080 and Index
(October 1, 1987)
Amendment 1: Life Safety Codes
- Supplement 2: Public Notice: 11 State Register 1857 (April 13, 1987)
11 State Register 2408 (June 29, 1987)
- Supplement 3: ICF/MR Training and Rehabilitation Services (January 1, 1984)
- Supplement 4: Department response to oral and written comments on 9553.0010 to
9553.0080 (January 1, 1986)
- Supplement 5: Minnesota Rules Parts 9510.1020 to 9510.1140 (October 26, 1984)
- Supplement 6: Chief Administrative Law Judge's Report, Administrative Law
Judge's Report, and Public Hearing Transcript (January 1, 1986)
- Supplement 7: Minnesota Statutes, Section 256B.064 (Overpayments to Prior
Owners)
- Supplement 8: Minnesota Statutes, Section 252.292 (Community Conversion)
- Supplement 9: Amendments to Minnesota Rules, Parts 9553.0010 to 9553.0080
- Supplement 10: Amendments to Minnesota Rules, Parts 9553.0010 to 9553.0080
- Supplement 11: Closure Agreement for REM of Redwood Falls, Inc.
- Supplement 12: Provider Bulletins:
A. Instructional Bulletin #87-83B
B. Instructional Bulletin #87-83C
C. Instructional Bulletin #88-83A
- Supplement 13: Minnesota Statutes 256B.501, Subd. 3h. (Waiving Interest Charges)

88-47 June 30, 1988
None 4/26/89
V.2. April 29, 1988

Error

An error occurred while processing this page. See the system log for more details.

STATE MINNESOTA**B. General and Administrative Cost Limits**

The General and Administrative Costs category is included in operating costs. However, before the operating costs payment rate is determined using the methods in A, the general and administrative cost category is limited to the following proportions of total operating costs:

1. For nursing homes with more than 100 certified beds the greater of ten percent or the 25th percentile for nursing homes grouped by level of care. *new*
2. For nursing homes with less than 101 but more than 40 certified beds in total, the greater of twelve percent or the 25th percentile grouped by level of care.
3. For nursing homes with 40 or fewer certified beds in total, the greater of fourteen percent or the 25th percentile grouped by level of care.
4. Fifteen percent for convalescent and nursing care units attached to hospitals for the rate year beginning July 1, 1983. In subsequent years, the general and administrative limit for convalescent and nursing care units attached to hospitals shall be as given in 1.-3.

These limitations on General and Administrative costs are reasonable in view of the performance of governmentally operated facilities in the state and the even stricter limits imposed by the state and the federal governments in other programs. Additionally, the limitations were necessary to address large disparities in the amount of Medicaid funds going for administrative purposes which produced no benefits to the residents. The table below illustrates these disparities.

PERCENTAGE OF ADMINISTRATIVE COSTS PRIOR TO JULY 1, 1983

| | <u>Proprietary Facilities</u> | <u>Non-Proprietary Facilities</u> |
|---------|-------------------------------|-----------------------------------|
| Highest | 39% | 23% |
| Median | 14% | 13% |
| Lowest | 7% | 4% |

STATE MINNESOTA

In implementing the General and Administrative limits, the State has been sensitive to discretionary classifications of costs which were permitted under the previous rate setting system, but that now may adversely affect the facilities because of the General and Administrative limits. Therefore, the State has allowed facilities to review their past classification of costs and to submit amendments under certain conditions. The State estimates that approximately \$3 million will be reclassified by facilities out of the General and Administrative Cost category.

The State is certain that the reasonableness of the limitations and the fairness of the State implementation have eliminated any possible ill effect on the facility's operation. A number of facilities with very large administrative costs will not be allowed a portion of those costs in the future. However, those regarding variable costs and the facilities have time to reassess their expenditure patterns and reduce costs in that category.

*Minnesota Session Laws, Chapter 641, removed the following costs from the General and Administrative Cost category:

- new {
1. Travel necessary for training of nursing personnel and dieticians required to maintain licensure, certification or professional standards are removed from General and Administrative Costs and included in the appropriate personnel cost category.
 2. Expenses of Medical Directors are removed from the General and Administrative Cost category and included in the nursing cost category.
 3. Licenses and permits are removed from the General Administrative Cost category and included in the plant operation category.

C. Allowable Historical Operating Costs

The State continues to set prospective operating costs payment rates which are based on the allowed historical operating costs incurred by each facility.

PROPERTY RELATED COSTS

Property related costs are essentially frozen for each facility at the level recognized by the State prior to the enactment of the law (Minnesota Session Laws 1983, Chapter 199). The property related costs include: depreciation, interest,